

LIGHTHOUSE DEVELOPMENT GROUP, LLC

MEMORANDUM

TO: Ms. Helena Williams
Deputy County Executive Compliance

FROM: Lighthouse Development Group, LLC

DATE: March 13, 2006

SUBJECT: Lighthouse Development Group, LLC – Nassau Coliseum Property

Reference is made to our memorandum of March 9, 2006, as revised, and the attendant exhibits to same which we formally presented to you and your committee at our meeting last week. As we detailed in our presentation, Lighthouse Development Group, LLC (“Lighthouse”) has fully addressed the issues raised as a result of the feedback you received from the Request for Proposal (“RFP”) process. Moreover, Lighthouse has significantly enhanced the project both conceptually, with features such as minor league baseball, the Lighthouse Hub Trolley System and the Long Island Sports Hall of Fame, and financially, by committing to making additional financial contributions in excess of \$60 million. We have brought certainty to critical issues such as a clear commitment to Work Force/Next Generation Housing and have developed a comprehensive plan and strategy to immediately bring public transportation to the Hub, including provision for and allocation of \$25 million to construct the infrastructure which will bring rapid public transportation to the very center of the Lighthouse project.

While we thank you for your praise of the completeness of our overall proposal and the level to which we have elevated this exciting project, we understand that you have a few remaining issues to which you would like us to give further consideration. These issues are addressed below. Additionally we have revised the March 9th Memorandum to incorporate the resolution of these additional issues so that you can have one document to refer to.

1. **Islanders’ Commitment:** You have inquired as to the potential to further extend the Islanders’ lease for an additional 10 years beyond the 10 years which has already been committed to.

The RFP process brought forth three proposals in addition to the Lighthouse proposal. Two of the proposals offered alternatives which did not involve the Coliseum as part of the project. The RFP process has now been narrowed down by your committee to two proposals. Both proposals which you have selected incorporate the Coliseum as a featured element of the concept plan. Only one proposal, the Lighthouse proposal, has guaranteed that a transformed state-of-the-art Coliseum will have a primary tenant, the New York Islanders. Lighthouse makes

the additional commitment to extend the term of the Islanders' lease to 2025.

The Coliseum is obviously an integral part of the development concept for this site. Until now, the primary source of the benefit of the Coliseum has been the Islanders. That is because the Coliseum does not currently form part of a more comprehensive development. Once Lighthouse reshapes the Coliseum site and the surrounding properties, into a truly pedestrian oriented, modern suburban destination center where Long Islanders will live, work and play, the opportunities presented are boundless. Through the Lighthouse proposal, the Islanders have made a commitment, as the "anchor tenant," to call the Coliseum their home for the next, approximately, 20 years. This commitment has already attracted an additional user to the area, minor league baseball, and, the project is only at the concept stage. There is no telling what the future holds for this site as a magnet for additional new and exciting sports teams, businesses and entertainment enterprises.

The Islanders will be here for the long term, the County merely needs to select the Lighthouse proposal to make that a certainty. Accordingly, Lighthouse agrees that without the consent of the County, which shall not be unreasonably withheld, the principal use of the Coliseum shall be limited to Sports and Entertainment uses.

2. **Next Generation Housing/Work Force Housing:** You have requested that we provide a clear commitment to Work Force/Next Generation Housing.

The County has made clear the importance of Next Generation/Work Force Housing relating to the Project. We are prepared to provide 20% of our residential units as Next Generation/Work Force Housing on the Coliseum property.

3. **Development Metrics:** The County has expressed a desire to play a more active role in the ultimate development of Coliseum.

We have proposed and will create a Development Committee which will meet regularly and advise Lighthouse. The County Executive and the County Legislature will each have representation on the Development Committee. The County will also have approval rights over numerous aspects of the project including connection to the Nassau County Sewer system, Health Department approvals and roadway improvements on County roads. Additionally, the County will be a coordinated agency during the review under the New York State Environmental Quality Review Act.

In order to give the County a more active role in the ultimate development of the Project, we propose that the elements embodied in a development metrics, provided below, will be varied only with the consent of the County. The elements of the development metrics are as follows:

- a. Renovation to the Coliseum – a complete transformation of the Coliseum into a state-of-the art facility;
- b. Commitment to provide structured parking to serve the Coliseum;
- c. Minimum of 20% of the Residential Units to be Work Force/Next Generation units, provided that if approvals are not obtained from the Town of Hempstead for at least 10% of the Residential Units as Work Force/Next Generation housing, the consent of the County shall be required.

4. **Minor League Baseball** - Lighthouse is committed to minor league baseball and Reckson has entered into a Memorandum of Understanding with the Atlantic League of Professional Baseball Clubs (“ALPBC”) to bring a minor league team to the Hub. Lighthouse will work with the ALPBC to cause a new minor league stadium to be constructed at MAC Park which is adjacent the Omni property owned by Reckson and is in walking distance to the Coliseum Property and Museum Row. In order to preserve open/green space on the Coliseum Property, shared parking will be provided adjacent to the MAC Park at the Omni property.

5. **Additional Financial Commitment during the Approval Period:** You have requested that we consider a financial commitment which would be made during the approvals period.

Lighthouse has already invested millions of dollars as evidence of its financial commitment to the project. In addition, Lighthouse agrees that commencing upon the execution of the lease with Nassau County, we will pay “Approvals Period Payments” in the amount of \$1.5 million annually. The Approvals Period Payments will be applied against Rent due on and after the Rent Commencement Date. In the event that Lighthouse does not obtain the requisite approvals for the project and elects to terminate in accordance with its proposal, the Approvals Period Payments will be forfeited by Lighthouse.

6. **Rent and Revenue Sharing:** You have requested rent escalations and revenue sharing beyond those which are provided in the Lighthouse proposal. Specifically, you have requested a revaluation of the rent at a future date. You have also requested an additional mechanism for the County to share in the revenue of the project beyond that which is contained in our proposal.

As previously indicated, the Lighthouse proposal incorporates fixed escalations into the proposed lease with the County. As also indicated in our previous responses and as guaranteed by the Development Metrics outlined above, Lighthouse is paying millions of dollars up front, as a condition to entering into the lease with the County. In response to your request for additional financial commitment during the development approvals process, Lighthouse has now agreed to make Approval Payments commencing upon execution of the lease with the County.

Lighthouse will be risking billions of dollars, years of experience and countless hours of time, in an effort to bring this project to fruition. We believe that a resetting of the rent or any revaluation of the property at any point during the lease term and/or any additional revenue sharing arrangement would make the project economically unviable.